

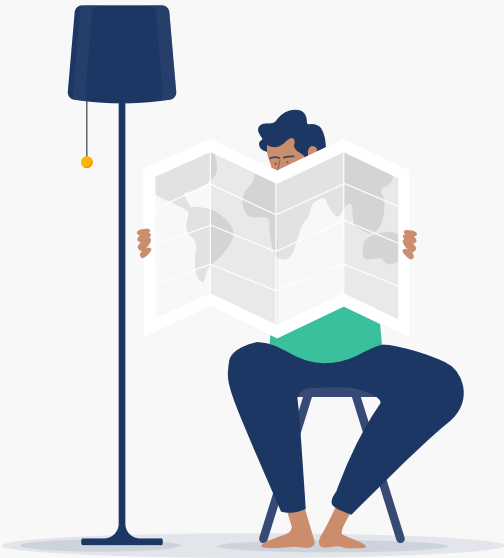
# The State of the Short-Term Rental Industry Amid COVID-19

*A survey of short-term rental property management companies around the world: benchmarking the business impact of coronavirus, analyzing recovery strategies and forecasting the future of the industry.*



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# Introduction & Overview

With the outbreak of the [COVID-19 global pandemic](#), worldwide travel restrictions, border closures and lockdown orders have had a profound impact on the short-term rental industry. Our innovative and fast-growing sector is navigating a difficult period with little understanding of when travel will fully recover. Still, amid the challenges presented by COVID-19, property management companies around the world are acting quickly to develop new strategies that will allow them to weather this storm and ultimately come out stronger as the industry returns to normal.

This report dives into the true impact that coronavirus is having on cancellation rates and their overall effect on 2020 revenue. Respondents have also ranked the effectiveness of risk-mitigation strategies they've tried, and have shared their predictions for the future of the short-term rental industry. The report goes on to highlight real case studies from property management companies who have quickly pivoted their strategies due to COVID-19, revealing a first-hand look at the tactics that are enabling business continuity during this time.



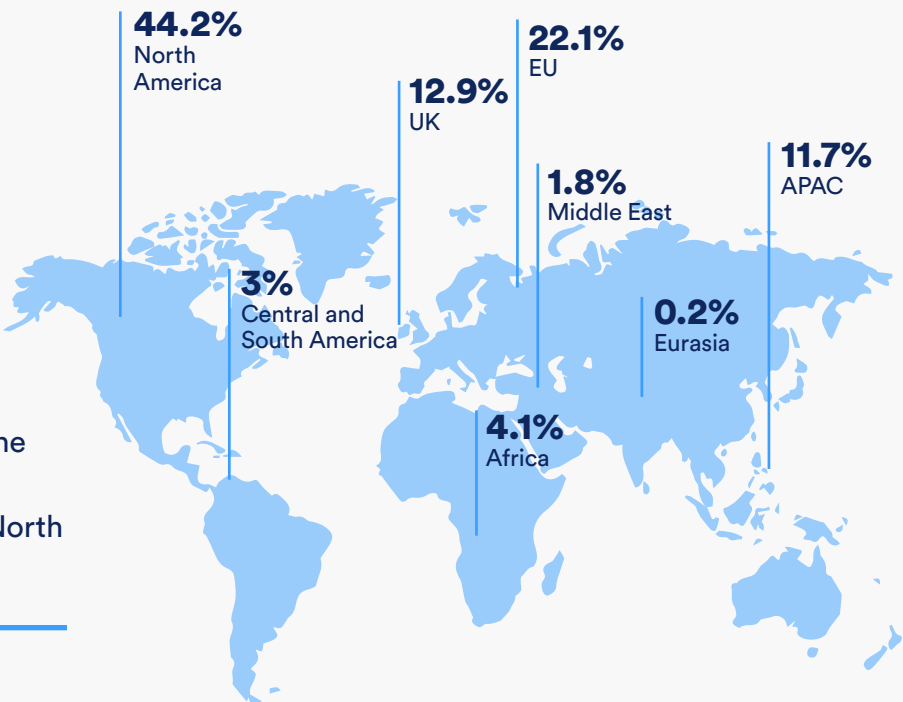
# Methodology

Guesty surveyed

## 394 property management companies

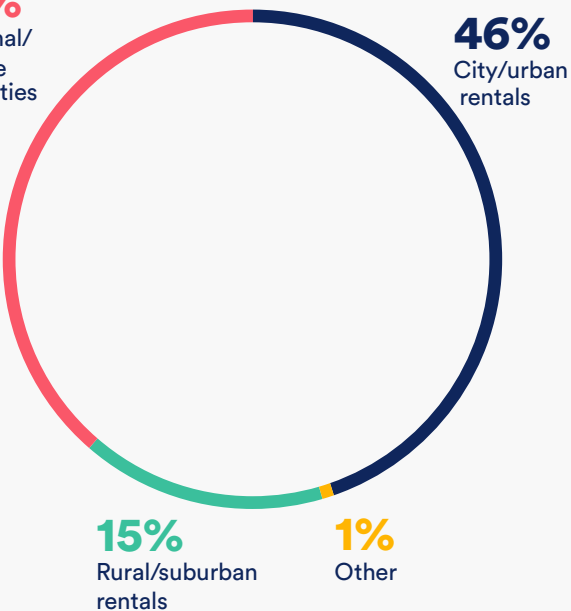
around the world with 3 to 200+ properties in their portfolios during the month of April 2020. The majority of survey-takers manage properties in North America (44.2%) and the EU (22.1%).

### Respondents' properties by location



38%

Seasonal/  
seaside  
properties



46%

City/urban  
rentals

15%

Rural/suburban  
rentals

1%

Other

### The community of respondents

includes businesses with a majority of city/urban rentals (46%), those with seasonal/seaside properties (38%), as well as those with rural/suburban rentals (15%).

# Key Findings



An illustration at the top of the page shows a man in a white shirt and dark pants standing on a balcony or window ledge, looking out at a white airplane flying in a blue sky. A large black suitcase is on the floor next to him. The background has stylized blue and white geometric shapes.

# Key Findings

## 01

### **A sharp drop in bookings, with optimism for Q3**

According to the majority of respondents, reservation cancellations for April - August are up by at least 76% compared to the same time period last year. However, September - November is trending better with 41% of respondents reporting that the rate of reservation cancellations for this period represented no change when compared to the same time last year.

## 02

### **Property management companies & hosts are adapting quickly**

Respondents reported adopting a variety of new strategies to mitigate revenue loss from COVID-19, from offering extended stays to introducing new cleaning protocols. The most successful tactic (according to 22% of respondents) was implementing a flexible cancellation policy, followed by reducing daily rates (18%).

## 03

### **The future is bright**

Despite the challenges they are currently facing, the majority of respondents remain optimistic about the future of travel and of the short-term rental industry in particular. They also believe that short-term rentals will recover faster than the hotel industry once COVID-19 is a thing of the past.



“ Though travel as we know it won’t be the same for some time, we expect it to change in a way that will likely benefit the short-term rental community. When individuals do start traveling again, they will likely increasingly opt for private properties with more space over traditional hotel stays. ”

**Amiad Soto**  
CEO, Guesty

# Revenue & Cancellations



# Revenue & Cancellations

With the spread of coronavirus resulting in various travel restrictions implemented worldwide throughout March and April 2020, it comes as no surprise that property management companies experienced an [influx of cancellations](#) throughout Q1 and Q2 of 2020. Naturally, this has also impacted revenue: nearly all respondents suffered revenue loss when comparing Q1 2020 to Q1 2019. In fact, only 5% of respondents reported that their revenue loss was less than 10%. When asked to project revenue through 2020 compared to 2019, 29% of respondents reported they expect a 51-75% decrease in revenue and 27% of respondents anticipate a 26-50% decrease. That said, responses from survey-takers reveal that reservation cancellations are not as apparent when it comes to September - November 2020, signaling optimism and revenue recovery later this year.

## Revenue Predictions for 2020:

29% of respondents expect to see a decrease in revenue of

# 51-75%

compared to 2019

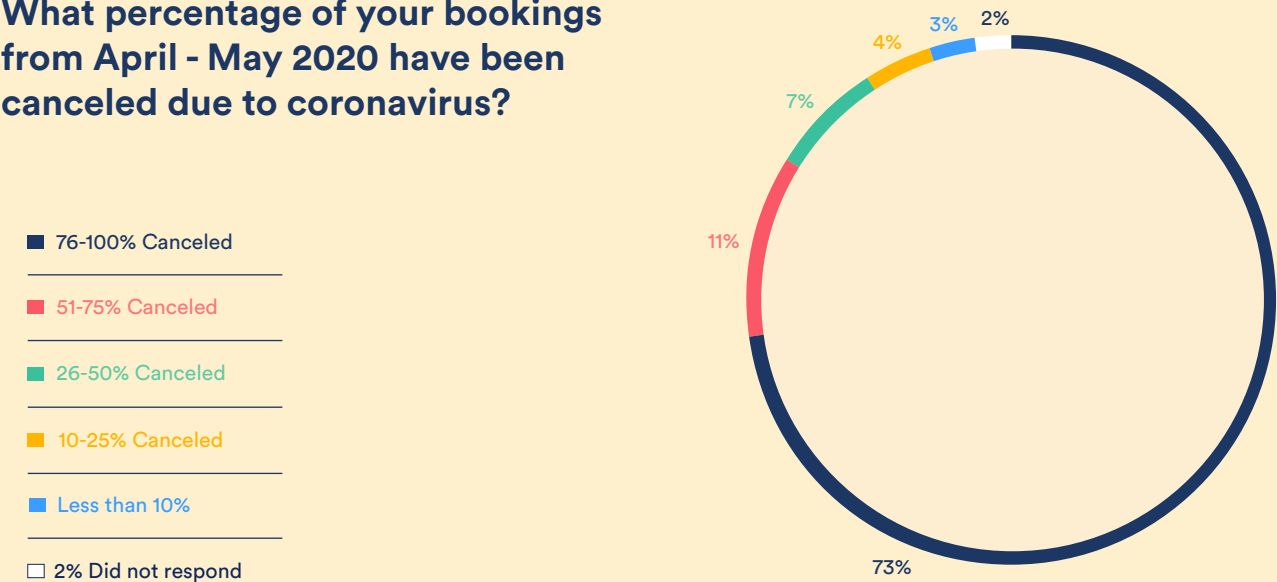




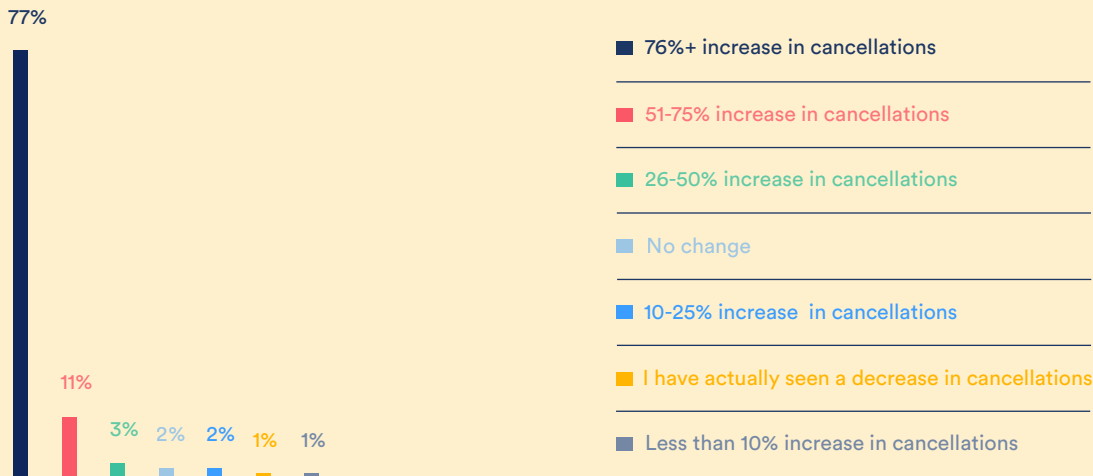
# April & May hit hardest

Q2 is by far the hardest hit, with 73% of respondents reporting that between 76%-100% of their April and May reservations have been canceled.

## What percentage of your bookings from April - May 2020 have been canceled due to coronavirus?



## How does the rate of cancellations for April - May 2020 compare to the same time period last year?

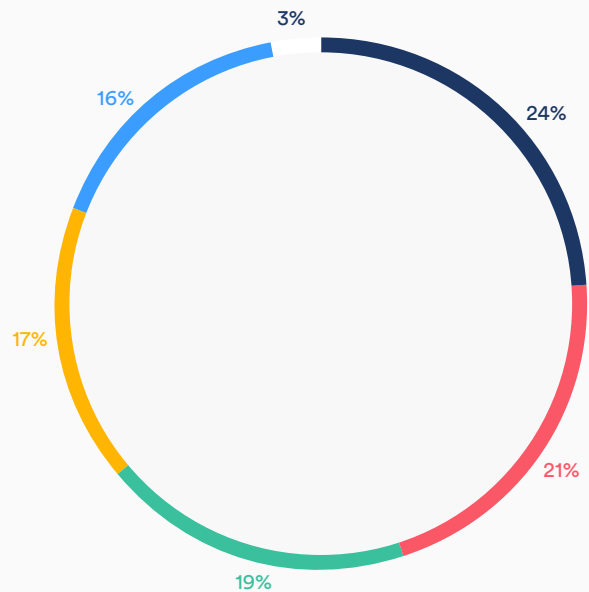
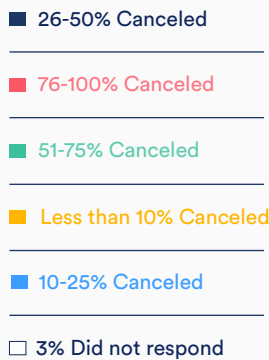


\* 3% Did not respond

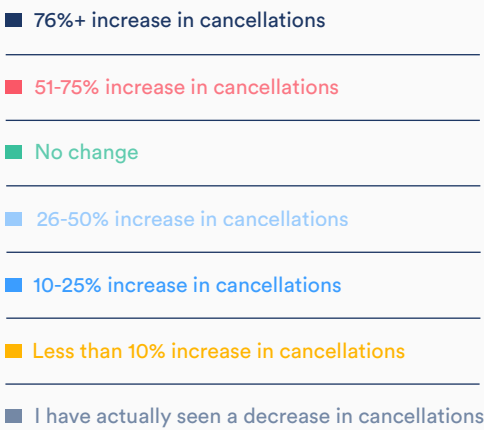
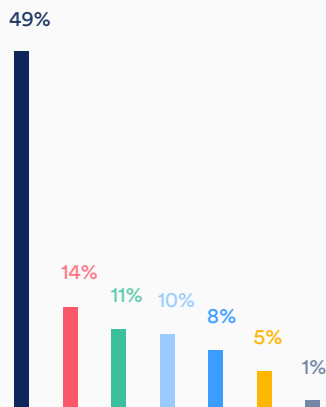
# Travel still on the radar for some in the coming months

June-August 2020 is similarly showing a higher cancellation rate, with 40% of respondents seeing at least 50% of their bookings for those months canceled. For 49% of respondents, this represents an increase in cancellations of more than 76% as compared to June-August 2019. Still, 17% of respondents have had less than 10% of their June-August reservations canceled, indicating some optimism about travel during this time.

## What percentage of your upcoming bookings from June - August 2020 have been canceled due to coronavirus?



## How does the rate of cancellations for June - August 2020 compare to the same time period last year?

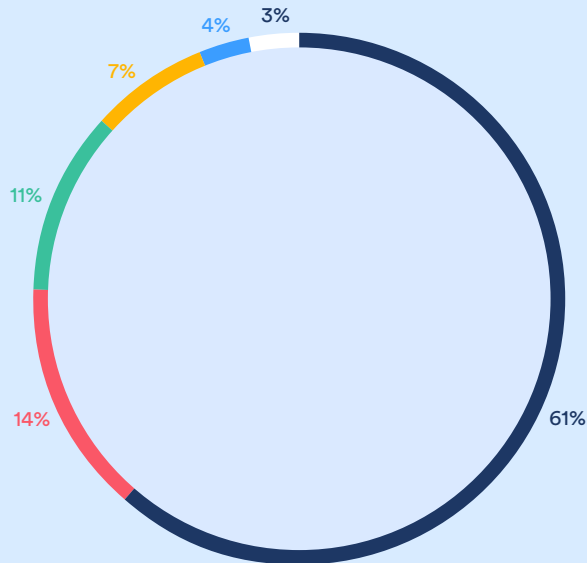
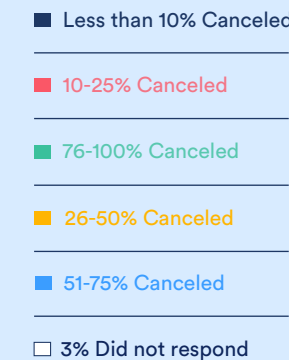


\* 2% Did not respond

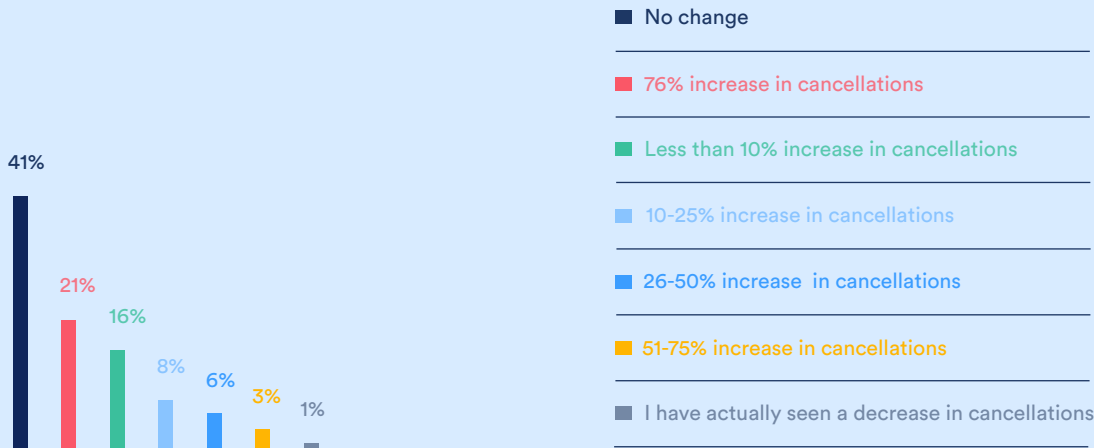
# Signs of recovery for late 2020

These numbers continue to improve in September, with 61% of respondents indicating that less than 10% of their reservations for September - November 2020 have been canceled. What's more, when asked how the rate of cancellations from September - November 2020 compares to the same time period in 2019, 41% of respondents reported no change.

## What percentage of your bookings from September - November 2020 have been canceled due to coronavirus?



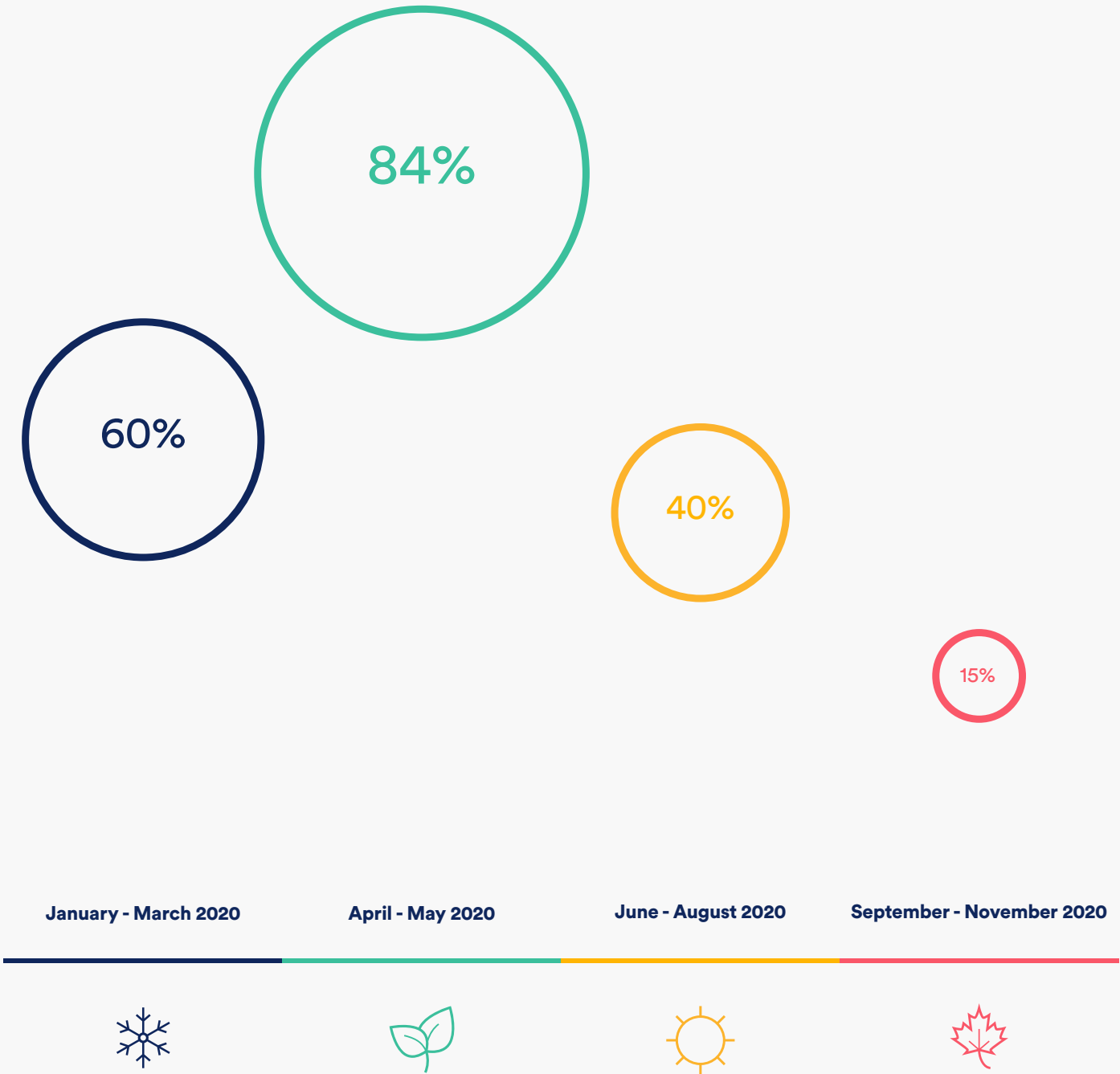
## How does the rate of cancellations for September - November 2020 compare to the same time period last year?



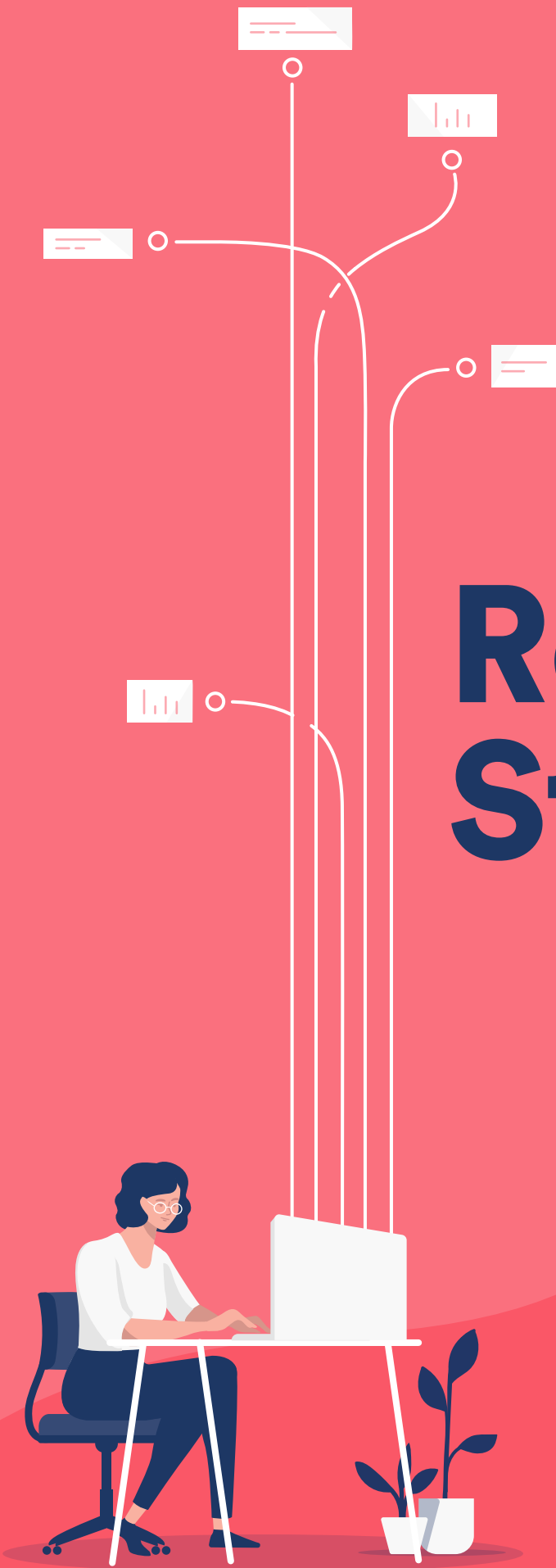
\* 4% Did not respond

# A seasonal view of cancellations due to COVID 19

Percentage shown represents respondents that reported more than half of their reservations canceled per season



# Recovery Strategies



# Recovery Strategies

In an effort to mitigate revenue loss, [property management companies have been focusing their efforts](#) on a number of strategies that span the spectrum, from adopting new marketing tactics to overhauling their operations. Furthermore, companies that are able to are already planning for future investments in their tech stack and readjusting their business goals for the coming year in response to coronavirus.

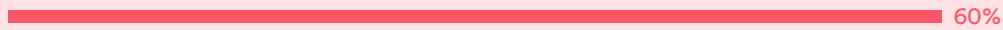
## How property management companies have quickly pivoted

True to its reputation for innovation, the short-term rental industry has had a quick response to COVID-19, implementing new procedures to comply with changing health and safety regulations as well as updating policies to better appeal to guests dealing with uncertainty. More than half of all survey respondents (60%) reported following more stringent cleaning protocols, with similar numbers implementing a more lenient cancellation policy (57%) and reducing daily rates (53%).



**Asked if they had revamped aspects of their operations in response to coronavirus, respondents reported implementing the following:**

More stringent cleaning policies



A flexible cancellation policy



Reduced daily rates



Pivoting to 30+ day rentals



Coupons and discounts for canceled guests



A hybrid portfolio (short, mid, and long-term stays)



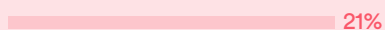
Pivoting to 14+ day rentals (to cater to guests in quarantine, etc.)



Marketing to new audiences (i.e domestic tourists, remote workers)



Reduced minimum stay requirements



\* Respondents were able to select as many answers as apply



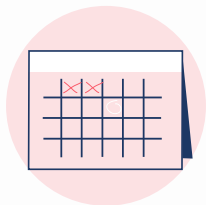
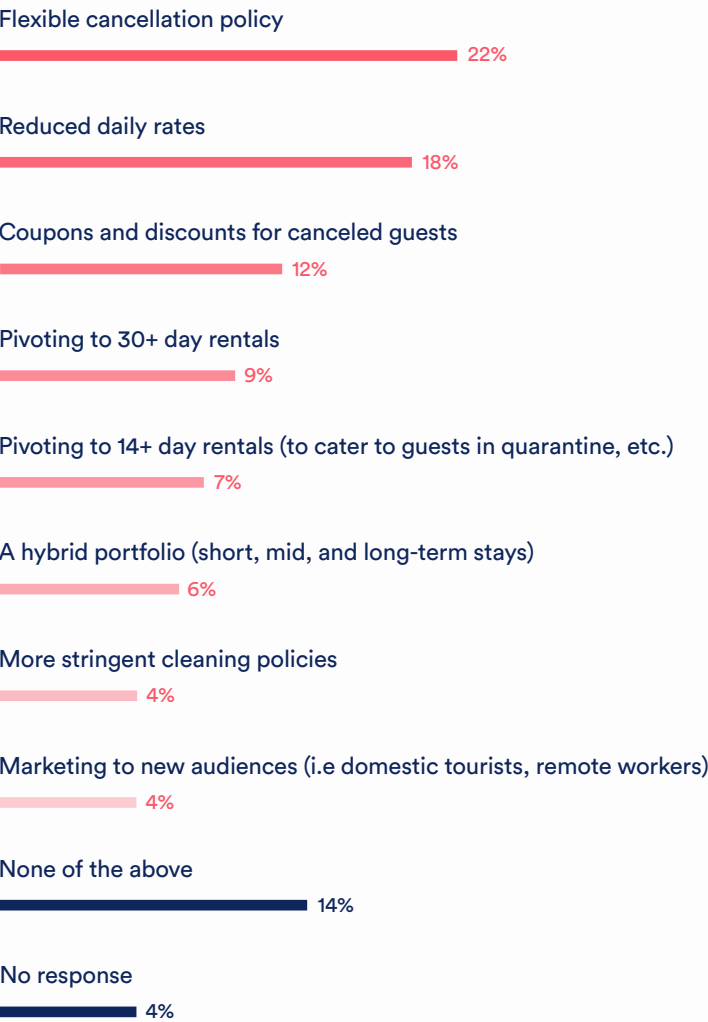
“It’s not surprising that lenient cancellation policies and reducing rates are effective strategies at this time -- both incentivize travelers to book future stays even when they’re uncertain if international travel will be possible in the near future.”

**Vered Schwarz**  
COO, Guesty

# What's working?

While entirely escaping the financial implications of COVID-19 is not realistic, respondents are finding the most success in achieving business stability by implementing a flexible cancellation policy (22%), reducing daily rates (18%) and offering discounts to incentivize canceled guests to rebook in the future (12%).

Asked which single strategy has had the greatest impact on business stability in light of COVID-19, respondents said:



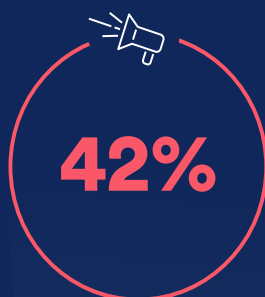


## Areas of focus moving forward

The property management companies that have been able to stave off the worst of the impact from COVID-19 are also using the experience to plan for the coming year. Asked what their key areas of focus would be in 2021, respondents said they will prioritize marketing and branding (42%) and guest experience (39%).

### The top 4 areas of focus for 2021

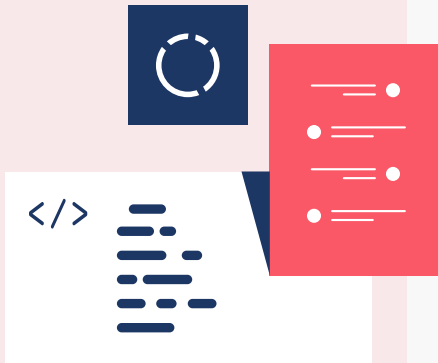
\*Respondents were able to select as many answers as apply



# Prioritizing tech spend

In keeping with a focus on bookings, branding and guest experience, the top two categories short-term rental property managers will be spending on in 2021 are guest management and experience tools (23%) and property management software (15%). Guest management and experience tools can enhance stays and result in top reviews and return guests, while the right property management software can automate and streamline your operations to save you time, act as an extension of your team and let you focus on what matters most: recovery and growth post-COVID-19.

## What's the #1 category you will be spending on in 2021?



“[Guesty's Marketplace](#) is a space of aggregated tech solutions across all the above verticals so you can complement your short-term rental company with the best in the business, whether it be keyless entry solutions to limit human interaction or fraud protection tools to avoid unwanted behavior.”

**Omer Rabin**  
Managing Director (Americas), Guesty

# Case Studies: Agile Responses to COVID-19



## Case Studies:

# Agile Responses to COVID-19

As a response to COVID-19, property management companies are shifting strategies and working to support their staff, their communities and of course, their guests. Here are three examples of Guesty users who have done just that. For more stories like these and other COVID-19 resources, visit our [Coronavirus Infocenter](#).



Location:

**New Zealand**

Number of listings:

**55**



### Key Strategy

The Urban Butler has adopted a policy of putting themselves in their guests' shoes. They are prioritizing empathy and flexibility, doing their best to meet the unusual demands presented by COVID-19 (such as constantly changing check-out dates or requests for grocery deliveries). At the same time, they are communicating regularly with guests to ensure they are managing expectations. Their guests are already expressing appreciation for the compassionate and attentive service in glowing reviews.

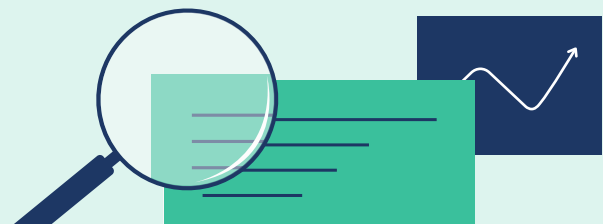
“



*A wonderful apartment, very well-equipped with a cool balcony, well-located in Auckland center and where you can feel like home. This apartment is managed by a fabulous team: The Urban Butler. They provided, during COVID-19 and the New Zealand lockdown, 5-star service with reactivity, availability, a lot of kindness and humanity. We highly recommended this apartment.*

*A concierge service worthy of a 5-star hotel, from first contact to the time of our departure. In the middle of a lockdown, the Urban Butler team showed complete professionalism, but also managed to express a lot of empathy and humanity to us. Congratulations to each and every one of you!!!*

”





Location:

**United States**

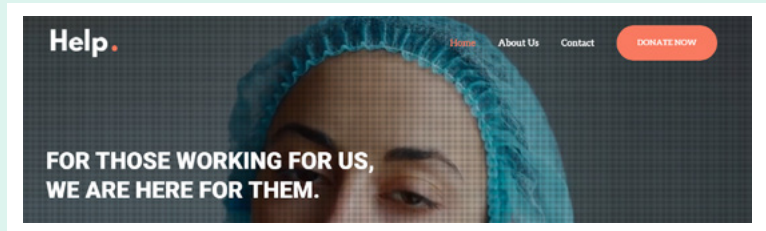
Number of listings:

**100**



## Key Strategy

Great Dwellings launched the '[Help Them Help Us](#)' initiative in April 2020, opening its doors to local medical and healthcare professionals who must stay outside their homes and closer to the hospitals they work at amid COVID-19. They also created a donation fund as part of the campaign, so that these stays are offered at anywhere from 50-100% off.



Location:

**Australia**

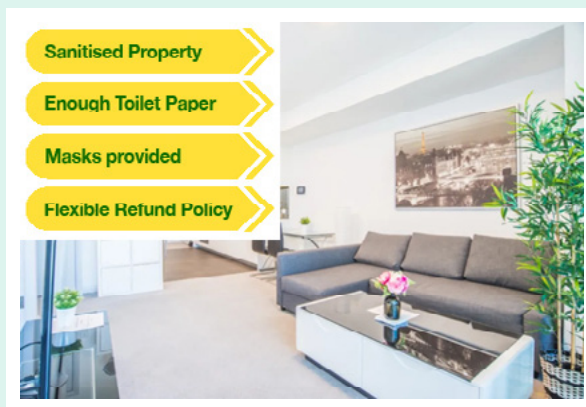
Number of listings:

**200**

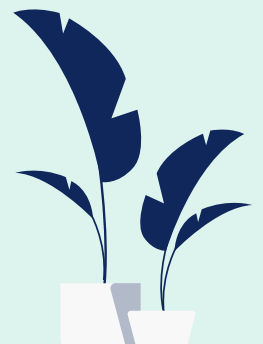


## Key Strategy

OptiNest is focusing on making potential guests confident that all properties are COVID-19-ready. They've updated their listing profile photos with labels to highlight relevant offerings, noting: sanitized property, enough toilet paper, masks provided, grocery shopping, fast WiFi, PlayStation and games provided -- letting guests know at a glance that they'll be comfy for an extended stay.



*\*Real OptiNest listing cover photo*



# Predictions for the Future of Travel



# Predictions for the Future of Travel

Despite the obvious challenges and business loss over the last few months, short-term rental property management companies are [overwhelmingly positive about the future](#). More than two-thirds (67%) of respondents are optimistic about the future of the short-term rental industry, and nearly as many (65%) are optimistic about the future of travel.

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## Are you optimistic about the future?



**65%**

of respondents reported they are optimistic about the future of travel



**67%**

of respondents reported they are optimistic about the future of the short-term rental industry.



“The biggest opportunity will be the domestic market because of the unknown with regard to international recovery. Folks might also be a bit timid to go abroad right away, and will opt for trips closer to home.”

**Vered Schwarz**  
COO, Guesty



## The road to recovery

As the regions hit earliest by coronavirus begin to show signs of recovery and domestic travel slowly returns, we here at Guesty predict that short-term rentals are better positioned to facilitate travel post-COVID-19 compared to traditional hotel stays. With new norms for social distancing making communal areas like hotel lobbies, pools and spas more complex to navigate, it's no surprise that 70% of respondents said they believe the short-term rental industry will be quicker to recover than hotels.

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**Do you believe that short-term rentals will recover quicker than the hotel industry when COVID-19 is no longer a factor?**



**70% Yes**



**29% No**

\*1% did not respond

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**“** The STR ecosystem is well-positioned to recover more quickly than hotels as travelers seek private, personalized accommodation rather than traditional hotel stays, where several guests are all in one building. **”**

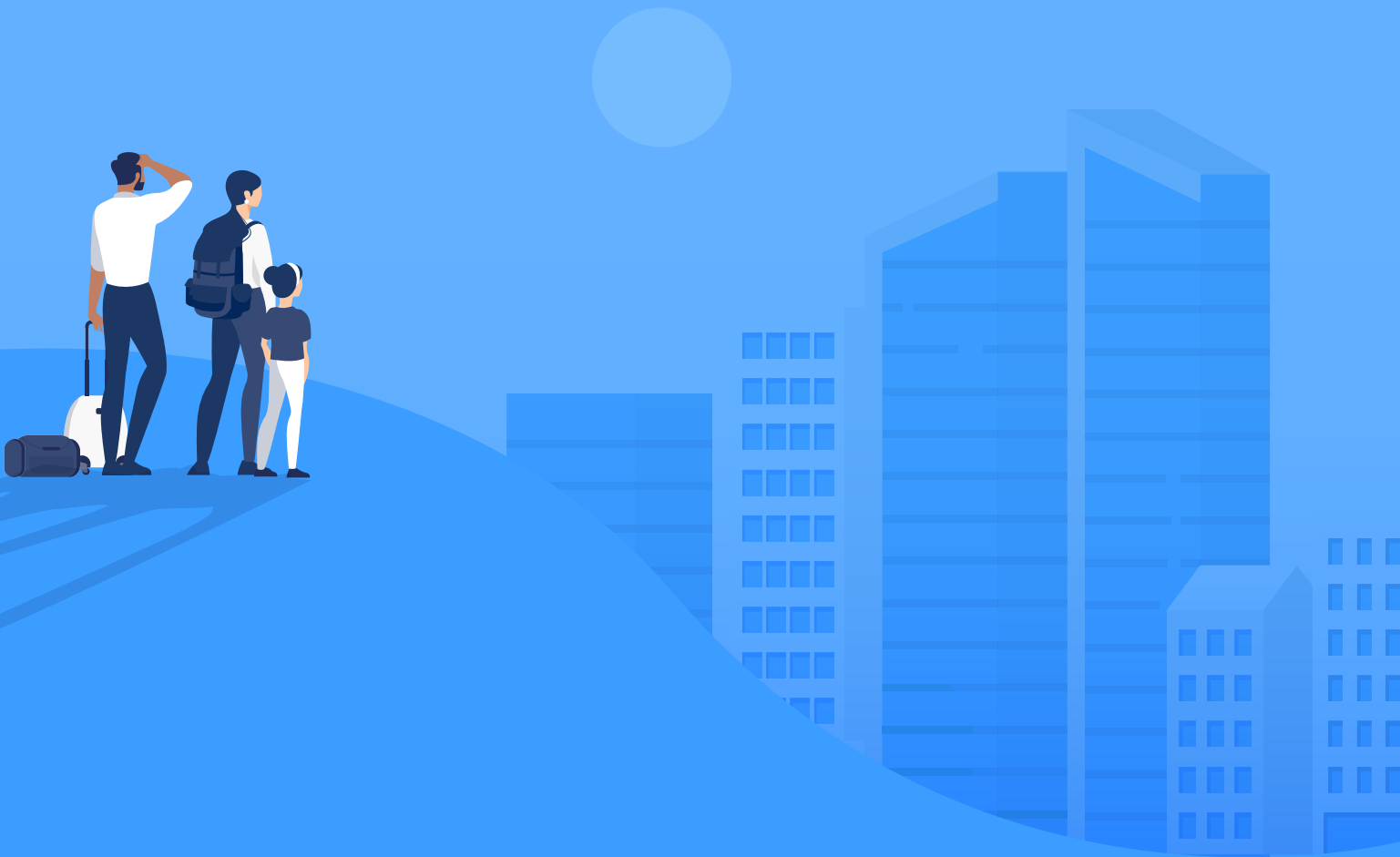
**Amiad Soto**  
CEO, Guesty





# The short-term rental industry is here to stay

Coronavirus has been a shock to the short-term rental community and to the world as a whole, but travel is an enduring trend. As people around the world navigate various degrees of lockdown orders, they are still busy searching for destinations to escape to once restrictions lift. As such, we're poised to see a return to travel en masse, hopefully as early as September.



# About Guesty

Guesty is the leading disruptor of property management software with a cutting-edge platform that automates, streamlines and simplifies the most time-consuming and growth-facilitating tasks involved in managing rentals.

With features built in-house providing a positive user experience, our platform serves as a strong, reliable and adaptable partner for property management companies to grow and optimize their businesses.

**8** offices  
worldwide

**\$60M** in funding

Serving thousands of  
customers across

**80** countries



[www.guesty.com](http://www.guesty.com)